

**Opening Statement of the Honorable Joe Pitts**  
**Subcommittee on Health**  
**Hearing on Examining Reforms to Improve the Medicare Part B Drug Program for Seniors**  
**June 28, 2013**

*(As Prepared for Delivery)*

Today's hearing is an opportunity for us to examine Medicare's Part B drug benefit and to assess how well it is working for both seniors and providers.

While most prescription drugs are covered under Medicare Part D, certain outpatient prescription drugs and biologics are covered under Part B.

Covered Part B drugs are usually those administered in a physician's office or hospital outpatient setting, including injectable and infused drugs, drugs used in conjunction with durable medical equipment, oral drugs for cancer or End-Stage Renal Disease, and some self-administered drugs in the hospital outpatient setting.

As a result of the 2003 Medicare Modernization Act (MMA), Medicare reimburses providers for the cost of Part B drugs and their administration at what is known as the Average Sales Price (ASP), plus 6 percent, with Medicare paying 80 percent of that amount and beneficiaries paying the remaining 20 percent.

I'd like to commend members on both sides of the aisle for their work on the Part B drug benefit, and I'll highlight a few pieces of legislation:

- H.R. 800, by Reps. Whitfield and Green, which seeks to exclude prompt-pay discounts from manufacturers to wholesalers from the calculation of ASP;
- H.R. 1416, by Rep. Ellmers, which would terminate application of sequestration to certain physician-administered Part B drugs; and
- H.R. 1428, by Dr. Burgess and Rep. Kind, which seeks to provide coverage for immunosuppressive drugs for kidney transplant recipients.

There are other issues, as well.

For example, reimbursement rates have caused the shift of some patient populations such as those with primary immune deficiency diseases and other rare diseases, from treatment in the physician office to treatment in the hospital outpatient department – arguably the worst setting for someone with a compromised immune system.

We should also examine the variation in reimbursement rates for the same drugs and services across various settings, to ensure that patients are being treated at the most clinically appropriate and cost-effective site.

While some drugs and biologics must be administered in the hospital outpatient setting, it is also the most expensive site of care for the Medicare program itself, and for the beneficiary, who pays a 20 percent copayment.

I'd like to welcome our witnesses today. They represent perspectives from the federal government, providers, and patients, and I look forward to their testimony.

###